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REPORT OF THE TRADE AND DEVELOPMENT BOARD*

Forty-fourth session

(13-23 October 1997)

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INTRODUCTION

The forty-fourth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 13 to 23 October 1997. In the course of the session, the Board held five plenary meetings - the 886th to 890th meetings.

This report to the United Nations General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I) and procedural, institutional, organizational and administrative matters (section II).

Volume II of the report of the Board on its forty-fourth session - to be issued subsequently in TD/B/44/19 (Vol.II) - will reflect all the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA

A. Segment for high-level participation: Globalization, competition, competitiveness and development

(Agenda item 2)

1. Under agenda item 2, the Trade and Development Board engaged in a high-level discussion on the topic "Globalization, competition, competitiveness and development", chaired by Mr. Jan Pronk, Minister for Development Cooperation of the Netherlands.

2. The high-level segment comprised two panel discussions, the first on "The perspective" and the second on "The future of competition: A prospective look at electronic commerce". The latter discussion was conducted jointly with the Second Committee of the General Assembly by teleconference.

3. At the high-level segment, and further to the Midrand Declaration (TD/378), the "Partners for Development" initiative was launched. The Deputy Mayor of Lyon, France, acting on behalf of the Mayor of Lyon, conveyed the offer of Lyon to host the first meeting of Partners for Development in November 1998. The Secretary-General of UNCTAD accepted the offer with thanks. A message was received from the Secretary-General of the United Nations (for the message see annex II).[2]

B. Interdependence and global economic issues from a trade and development perspective: Income distribution and growth in a global context

(Agenda item 3)

Agreed conclusions 440 (XLIV): Income distribution and growth in a global context

1. Recognizing that countries enter the global system from very different starting points and that the impact of globalization and liberalization is uneven, the Midrand Declaration stated that:

> "UNCTAD's policy research and analytical work must illuminate the changes in the global economy as they relate to trade, investment, technology, services and development. Such work must facilitate policy formulation within member States as they strive for development. It must lead to constructive policy dialogue among member States to enhance benefits of trade. It must respond to

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[2] An account of the proceedings of the high-level segment will be published in the near future.

different and changing developmental needs in the ongoing process of integration in the global economy." (TD/378)

The Board expresses its appreciation for the research undertaken in this year's *Trade and Development Report* on "Globalization, Distribution and Growth", and urges the secretariat to continue to study aspects of globalization as part of its future work on interdependence, including both opportunities and challenges.

2. Despite growing prosperity, in today's globalizing world income gaps across and within countries over the past two decades have generally widened. This is a challenge for policy-makers everywhere.

3. Certain elements of globalization may have contributed to the tendency for income gaps to widen. Nevertheless, the forces behind widening income disparities are complex and their emergence in many cases may have preceded the recent acceleration of international economic integration.

4. There are social and political limits to growing inequality. If pushed too far, income disparities can provoke a backlash, generating instability and triggering populist policies and protectionist tendencies which nullify the economic gains of closer integration.

5. An effective response will have many dimensions. In the past, some countries severely restricted the role of markets and private property, with a consequent loss of dynamism resulting from this approach. A development strategy incorporating a faster pace of investment and growth holds the key to adequate job creation and rising living standards for all. Measures to achieve higher employment rates, fiscal stability and social objectives, including appropriate social safety nets, should complement policies that foster economic growth.

6. Markets by themselves do not create the full range of factors, *inter alia* skills and institutional capacities, needed to accelerate growth and to meet the challenges of competitiveness associated with globalization. Government policy has a crucial role to play in promoting economic growth and competitiveness and reconciling these with social objectives. This role is to complement and regulate rather than restrict market forces.

7. In an interdependent world, successful domestic policies require an enabling global environment. An increasing number of issues affecting growth and distribution are taken up in international negotiations. The regimes agreed in such negotiations need to reflect the different starting points and capacities of development partners, and should take into account the areas of particular interest to developing countries.

8. The movement in the direction of greater openness for developing economies should be an orderly process backed by effective policies at the international as well as the national level. These policies should entail a phased approach to integration tailored to the circumstances of individual countries.

9. Success in curbing inflation has helped to create conditions for sustainable growth. If this is to be achieved, policy needs to be oriented towards the avoidance of deflation as well as a resurgence of inflation. Otherwise, the adjustments to the dynamic competitive forces associated with

global integration and rapid technical change are much more difficult. Achieving higher and sustainable growth is a necessary condition for dealing with poverty in developing countries and labour market problems in industrial countries, and is also essential to the avoidance of threats to international trade and payments.

890th plenary meeting
22 October 1997

C. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

(Agenda item 4)

(a) Policy reforms in agriculture and their implications for LDCs' development

Agreed conclusions 441 (XLIV): Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s: Policy reforms in agriculture and their implications for development

1. The Board commended the UNCTAD secretariat for the high quality of *The Least Developed Countries 1997 Report* and its analysis of issues affecting LDCs. It welcomed the improvements in economic performance in many of the LDCs, particularly in Africa, which the *Report* attributed to the implementation of economic policy reforms, the sustainability of which will benefit from increased technical and financial support, as well as a conducive international environment.

2. The Board expressed concern at the continued decline in the overall share of ODA to LDCs and called for further efforts to reverse this trend with a view to fulfilling the ODA targets and commitments undertaken in the Programme of Action for the LDCs.

3. The Board also emphasized that the debt burden of LDCs, particularly those in Africa, remains exceptionally high and is a serious constraint on their development. Declining ODA and a heavy debt burden have had an adverse impact on the agricultural development of LDCs. In this regard, the Board welcomed the various debt relief initiatives, in particular the recent heavily indebted poor country (HIPC) initiative, and expressed the wish that, in the longer term, agreement be reached to allow the greatest number of LDCs to benefit from the HIPC initiative.

4. The Board commended LDCs that have undertaken policy reforms in their agricultural sector and encouraged them to accelerate such efforts. It observed that, in the short to medium term, improved agricultural performance offers many LDCs the most effective path to raise economic growth rates, expand and diversify exports, ensure food security and reduce poverty. The macroeconomic reforms already implemented in many LDCs have improved the environment for agriculture,

but the small-scale farmers who dominate the sector in most countries still face serious constraints with respect to raising productivity and output. The Board stressed that problems facing these producers and alleviating attendant supply-side constraints require sectoral and institutional policy reforms, such as building effective research and development institutions and agricultural extension services, improving rural infrastructure and credit, and developing more efficient markets in rural areas. These efforts will continue to be supplemented by international support measures. It noted that, if LDCs are to develop competitive agricultural sectors, policy design must take account of the need to promote investment and upgrade farm technology.

5. The Board highlighted the importance of human resource development and of developing the role of the private sector in improving the agricultural performance in LDCs.

6. In pursuance of what has been achieved under the Programme of Action, the Board stressed that improved market access is one of the key elements to improve the performance of the agricultural sector in LDCs, although it was noted that some existing market opportunities are not fully utilized by the LDCs. The Board emphasized the importance of strengthening the capacity of LDCs to export, including through vertical and horizontal diversification, in order to reap the potential benefit from the global market, particularly in the area of non-traditional exports. In line with the outcome of the Mid-term Global Review of the Programme of Action, South-South cooperation should be promoted to enhance regional and subregional trade by providing market access for LDCs in neighbouring countries. Developing countries should, *inter alia*, introduce preferential schemes for LDCs under the Global System of Trade Preferences among Developing Countries (GSTP).

7. The Board emphasized the importance of appropriate sequencing of agricultural liberalization measures. LDCs' exports could be further enhanced through the implementation of the Marrakesh Ministerial Decision on Measures in Favour of the LDCs. It noted that the Uruguay Round Agreement has opened up significant opportunities for an expansion of agricultural exports by LDCs through exemptions applicable to LDCs reinforced by the special and differential treatment measures which give considerable leeway to LDC Governments to support their agricultural producers. The Board took note of the strategy for agricultural development as it relates to trade outlined in the *LDC Report* and recommended that this issue be the subject of further consideration by UNCTAD. In particular, it recommended that the lessons deriving from the experiences of successful agricultural development, policies including those of LDCs, be widely shared by promoting, *inter alia*, South-South cooperation and the use of triangular arrangements. In this respect, the UNCTAD secretariat is invited to cooperate with other competent organizations active in the field of agricultural development.

8. The Board expressed its concern at the severe problems of regress afflicting a significant minority of LDCs. It noted the enormous costs of these problems, not just to the LDCs directly affected, but also to the economies of neighbouring countries. The Board urged the UNCTAD secretariat to continue its analysis of economic reconstruction of countries in regress.

9. The Board welcomed the convening of the High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development. It appreciated

the active commitment of the UNCTAD secretariat in the preparatory process and requests the UNCTAD secretariat to continue its contribution at the High-Level Meeting itself and in connection with the outcome and follow-up of the High-Level Meeting. In this connection, the Board welcomed the proposed establishment of an Integrated Framework for Trade-related Technical Assistance and hoped that measures in the area of market access for LDCs would be announced by a number of countries. Consistent with the universality of UNCTAD's membership, the Board requested the Secretary-General of UNCTAD to report to the next meeting of the Board on the High-Level Meeting and to seek approval of the Board on the role of UNCTAD and all its members in the implementation of measures to be adopted during the High-Level Meeting.

10. The Board noted with appreciation progress made in the formulation of integrated country programmes (ICPs) for strengthening supply capacity of exportable goods and services in a number of LDCs. It welcomed the generous contributions made to the LDC Trust Fund and urged member States to make further contributions to the Fund with a view to enabling the UNCTAD secretariat to implement ICPs in more LDCs.

890th plenary meeting
22 October 1997

(b) Contribution by the Board to the consideration of the General Assembly, at its fifty-second session, of holding a third United Nations Conference on the Least Developed Countries

Recommendation 442 (XLIV): Third United Nations Conference on LDCs: recommendation by the Board to the General Assembly

1. Without prejudice to any decision to be taken by the General Assembly, and pursuant to General Assembly resolutions 45/206 and 50/103 and to paragraph 140 of the Programme of Action for the Least Developed Countries for the 1990s (A/CONF.147/18), the Trade and Development Board recommends the following for the consideration by the fifty-second session of the General Assembly of the convening of a third United Nations Conference on LDCs, which would:

(a) Assess the results of the Programme of Action during the 1990s at the country level;

(b) Review implementation of international support measures, particularly in the areas of ODA, debt, investment and trade;

(c) Consider the formulation and adoption of appropriate national and international policies and measures for sustainable development of LDCs and their progressive integration into the world economy.

2. The Conference should take place at the end of the decade.

3. An intergovernmental preparatory committee would be convened in due time to prepare for the Conference. This would be preceded by three expert-level

preparatory meetings, two in Africa, one of which would include the Americas, and one in Asia and the Pacific.

4. UNCTAD would be designated as the focal point for the preparation of the Conference.

890th plenary meeting
22 October 1997

Summary by the Chairman of Sessional Committee I on agenda item 4 [**/]

1. Sessional Committee I of the forty-fourth session of the Trade and Development Board was established to discuss agenda item 4, "Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s".

2. The debates, in which many delegations took part, drew upon the *Least Developed Countries 1997 Report* (TD/B/44/6), which was introduced by the Secretary-General of UNCTAD and unanimously praised for its quality and relevance.

3. The discussions revealed a relative improvement in the situation of a great many LDCs in 1996. Growth had increased per capita income, notably in certain African LDCs, reversing a trend dating back to the beginning of the previous decade. That situation was attributed both to exogenous factors, such as the sustained prices commanded by some of the commodities which were still the LDCs' principal export earners, and to endogenous factors stemming from the reform policies being pursued by the LDCs in matters such as inflation, exchange rates and public finances. The regional environment had also continued to play an important role: Asian LDCs had benefited from the knock-on effects of the region's economic dynamism.

4. Encouraging though the situation appeared, all delegations believed there had been too little progress. The LDC delegations emphasized how vulnerable many of their countries remained to marginalization in the general economic move towards globalization. The LDCs' economic situation must continue to improve - and the LDCs should benefit from the probable persistence of the factors mentioned above - but this only highlighted the need for a favourable domestic and external environment. Among the topics raised in this connection were:

(a) The debt question. Many delegations noted with concern that the debt situation of the LDCs had continued to worsen, and that debt-servicing alone absorbed an excessive proportion of their still limited foreign-currency resources. Excessive indebtedness was described by the LDC delegations as a major handicap to their countries' development and efforts to reduce poverty. All delegations hailed the heavily indebted poor countries (HIPC) initiative by

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[**/] The Board took note of the summary by the Chairman of Sessional Committee I at its 890th (closing) plenary meeting.

the International Monetary Fund and the World Bank. Many LDC and developing country delegations stressed that the eligibility criteria, conditionalities and timetable attached to the HIPC initiative must be flexibly, not rigidly, applied, so that a maximum number of LDCs could take advantage of it quickly. Developed country delegations pointed out that putting the HIPC initiative into effect would require a boost in the resources of the international financial institutions (which, it was emphasized, bore sole responsibility for the programme); one developed country delegation said it was ready to contribute;

(b) The decline in official development assistance (ODA) going to LDCs. Delegations representing LDCs stressed that the objective of the Programme of Action for the 1990s, namely 0.15 per cent of GNP devoted to ODA for LDCs, had not, bar a few exceptions, been attained by the ODA donor countries and that ODA had declined in real terms over the course of the year to 0.06 per cent of the donor countries' GNP. The LDC delegations felt that the decline was indicative of a lack of support within the international community for the LDCs' economic development and reform policies, especially as ODA had tended to be directed towards emergency humanitarian aid in preference to long-term development. One ODA donor country delegation reminded the meeting of the budgetary circumstances that made the target unattainable for the moment. Another developed ODA donor country delegation announced its Government's willingness to give priority to LDCs in its development assistance policy.

5. Generally speaking, the difficulty of securing concessionary financing was seen as a significant obstacle to improvements in export capacity and the pursuit of structural reform.

- Market access. The LDC delegations felt their countries still had too little access to world markets despite improvements in one area. They decried the maintenance of tariff barriers and the continuing threat of tariff increases, the erosion of preferential regimes, and the use made of anti-dumping measures and norms, voicing the hope that the LDCs might, within the generalized system of preferences, enjoy asymmetric, preferential treatment in areas such as food and farm produce, textiles, clothing and hides, and tropical industrial products. But it was also pointed out that the Uruguay Round agreements included a number of exemptions and instances of preferential treatment for LDCs which might enable them both to supply more to "niche" markets and to maintain their comparative advantage in traditional ones. The LDCs should actively seek to derive more advantage from the preferential arrangements adopted for their benefit. The delegation of one major importing country spoke of the lack of interest shown by LDCs in market-access arrangements that had recently been made available to them. A developed country delegation also commented that the LDCs had not always derived as much benefit as originally hoped from preferential market-access arrangements, while at the same time the erosion of such arrangements did not imply the immediate and total eviction of the LDCs from the markets concerned. Over the long term, the better solution would seem to be for the LDCs to become more competitive on world markets. Greater supply capacity was, in several delegations' judgement, essential for LDCs, and UNCTAD was asked to provide technical assistance for that purpose.

6. Several developed and developing country delegations announced their intention of making independent offers of market access to LDCs at the High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held under WTO auspices. One delegation pointed out, however, that

market access was one of the two facets of the agenda for the meeting, the other being technical cooperation. Delegations unanimously congratulated the secretariat on its active involvement in preparations for the meeting concerned and hoped it would play an important part in the meeting itself and in the execution of the recommendations expected to result. Several delegations called for maximum consistency among the various international organizations with responsibilities in that area. One delegation voiced regret that UNCTAD member States had not been involved in the meeting, and said that proper discussion of questions relating to LDCs required all parties concerned to take part.

(a) Attracting foreign direct investment (FDI) and gaining access to technology. Several delegations emphasized that the most recent UNCTAD *World Investment Report* showed a notable increase in FDI flows to LDCs. Still, LDCs accounted for only a tiny minority of FDI flows to developing countries, and did not generally benefit from the virtuous circle linking export growth to greater FDI.

(b) The need was stressed for LDCs themselves - including those that had recently been experiencing serious political difficulties - to pursue reform and seek to derive maximum benefit from the facilities made available to them.

(c) The major role of institutional and economic stability. Many delegations, from LDCs and elsewhere, welcomed the emphasis placed in this year's report on LDCs on institutional, political and social regress. In many cases, internal and external conflict and population movements might have contributed to institutional and economic regress resulting in a farming crisis, destruction of infrastructure, and interruptions in educational, health and social services aggravated by land mines. It was pointed out that conflicts in one country often had deleterious effects on neighbouring countries and their economies. One LDC delegation stressed that the emergency food aid that the international community was induced to supply in order to alleviate the immediate effects of such crises could, over the longer term, adversely affect the agricultural development of the countries concerned. Delegations from LDCs that had recently suffered such regress said that the regress was not irreversible but that domestic and foreign peace did have to be restored, democratic institutions and the rule of law had to be put in place, and the international community had to lend its support. One developed country delegation felt that trimming military spending and preventing conflicts could help to roll back the danger of regress.

7. The statements and exchanges on agenda item 4 (a) revealed a consensus on the importance to all LDCs of the farming sector, which was their principal source of jobs, exports and income, and, by extension, on the cardinal importance of reforms in that area. The sector's obvious contribution to LDC food security was also emphasized, along with its interrelationship with social development, notably education and health.

8. Some LDC delegations described the difficulties their farming sectors were experiencing: rising domestic prices following the liberalization of the sector while international prices remained stable; outdated systems of land ownership; an inability to gain access to modern technologies and inputs; the paucity of funds made available to agriculture; and difficulties in gaining access to external markets, which they attributed to the erosion of preferential regimes granted by importing countries and economic and customs unions, the persistence of tariff barriers, subsidies in developed countries (the LDCs having abandoned

theirs), and health and quarantine standards. One developed country delegation was at pains to point out that such standards, which were not hidden barriers, were legitimate, and said that its Government helped LDCs to bring their farm produce into line with them. Developing country delegations pointed out that an export-oriented farm sector could lead to difficulties with domestic supplies. They also stressed the need for suitable infrastructure: the lack of, or serious deficiencies in, energy supplies, rail, road and telecommunications facilities gravely handicapped farm and other kinds of development in LDCs. Thus it was necessary to increase ODA to LDCs. LDCs should also work to reduce the tax burden on farmers, to modernize farm structures, to liberalize marketing networks and to strengthen agricultural support services, among them research and human resources training. One developed country delegation said that the four main thrusts of farm development in LDCs should be diversification, improved financing, technology acquisition and intensified research.

9. Several delegations from LDCs and elsewhere wished to see UNCTAD, which is responsible for monitoring the implementation of the Programme of Action for the Least Developed Countries for the 1990s, continue to play a major role in the international community's consideration of questions relating to LDCs by, among other things, forging a link between participation in international trade and development and providing LDCs with assistance in establishing themselves in the world economy. Delegations from both LDCs and developed countries hailed the secretariat's implementation of the first integrated country programmes and voiced the hope that the benefits of such programmes would soon extend to other LDCs. The LDC delegations expressed their satisfaction at the increase in contributions - now amounting to more than half the initial target set - to the trust fund for LDCs set up by UNCTAD in response to the conclusions of the ninth session of the Conference. Delegations from developed and developing countries announced pledges by their Governments to the fund. Several pointed out that, while LDCs had accounted for an increased proportion of UNCTAD technical cooperation in 1996, that proportion was nonetheless inadequate and UNCTAD still needed to tailor the technical assistance it offered to the specific needs of the LDCs. The delegation of one of the most advanced developing countries explained that its Government had set up a programme of bilateral cooperation for Portuguese-speaking LDCs.

D. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Performance, prospects and policy issues

(Agenda item 5)

Agreed conclusions 443 (XLIV): UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Performance, prospects and policy issues

1. The Board noted that, after over a decade of economic stagnation and regression, the recent performance in African economies gives rise to optimism. For the first time since the beginning of the 1980s, GDP growth rates have

exceeded population growth, albeit by a small margin. This is due, *inter alia*, to higher commodity prices and better weather conditions. The recent upturn in some African countries is underpinned by the continued and deepened implementation of economic reform programmes, as well as by reductions in political instability and civil unrest. However, most African countries remain fragile and subject to exogenous forces, including the fluctuations of prices for export commodities and weather conditions.

2. The specificity of African economies is that the continent suffers from acute problems related to infrastructure and has supply-side constraints which inhibit the capacity for growth and exports. This is true of the mainland as well as of island economies, especially the small and remote ones. African economies rely heavily on the export of commodities for their development, and vertical and horizontal diversification into non-traditional export sectors remains a major challenge. Factors impeding the expansion of trade for most African countries are, among others, small markets, the high costs of transactions and of transportation, and lack of sufficient communication links.

3. The integration of African economies into the world economy depends, *inter alia*, on how successfully gains from increased export revenues are utilized to strengthen potential growth. The Board emphasized the need for major investment in human and physical infrastructure and for African countries to mobilize sufficient savings and funding in order to invest. The resource requirements of Africa, including debt relief, ODA, investment and trade flows, should also be addressed.

4. A speedy and substantial reduction of the debt overhang problem is critical if the present upturn is to be followed by sustained economic growth and if Africa is to be successfully integrated into the world economy. Africa has the highest debt-to-exports ratio of any continent. This debt burden is unsustainable for most of the African countries concerned. In this regard, the Board welcomed the various debt relief initiatives, in particular the recent HIPC initiative, and expressed the wish that agreement be reached to allow the greatest number of African countries to benefit from the HIPC initiative. UNCTAD should closely monitor the relationship between debt and the capacity of African countries to generate savings to support investment. UNCTAD's technical support and advisory services for capacity-building in debt management for African countries should continue. UNCTAD should also continue to provide assistance to African countries in their preparations for negotiations in the context of the Paris Club.

5. Since many African countries' reliance on ODA is crucial, the Board noted with concern that the levels of ODA had fallen in real terms to their lowest level. This trend needs to be reversed. All donors are therefore invited to increase the level of ODA in accordance with internationally agreed targets. UNCTAD should continue to explore ways and means of increasing resources for development for Africa, in particular analysing how ODA could be used as a catalyst to attract other types of flows.

6. While Africa needs to attract foreign direct investment and many of the African countries have undertaken measures to improve laws and regulations governing FDI, a very small percentage of the total flow of FDI goes to Africa, mainly concentrating in the minerals and energy sector. It was recognized that macroeconomic stability is one of the prerequisites for building investor

confidence and attracting FDI. Ways and means should be considered of how investment can be encouraged in Africa. UNCTAD should continue to explore such ways and means, including issues related to intra- and inter-regional investment cooperation and exchange of investment experiences.

7. Incentives and investment are important to agricultural and industrial development. Agricultural development requires substantial investment for, *inter alia*, diversification, vertical integration and maintenance of infrastructure. This cannot be undertaken only by the private sector. A balance needs to be struck between food self-sufficiency, surplus extraction and income security for farmers if liberalization of the agricultural sector is to yield positive results. The bias against food crops needs to be avoided. UNCTAD should analyse further development and trade-related questions of investment and incentives in the agricultural sector.

8. The international community should continue to implement and make operational the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food Importing Developing Countries. The Committee recognized that many African countries had taken unilateral measures towards trade liberalization. The degree, pace and sequencing of trade liberalization would need to be adapted to the development conditions of each country, bearing in mind its impact on national capacity-building. The value of trade preferences will inevitably decline as trade liberalization continues, and it will be necessary to develop policies to address the actual and potential losses that will be incurred.

9. Structural adjustment programmes require predictability and need to be tailored to the individual needs and the level of development of countries. Frequent interruptions of programmes can erode investor confidence. UNCTAD commends efforts to make structural adjustment programmes more sensitive to these concerns.

10. The Board recognized the importance of an enabling environment and appropriate policies to encourage the creation of a dynamic entrepreneurial sector, which needs to be complemented by the strengthening of the capacities of public institutions.

11. Regional and subregional integration could create larger and more competitive economic spaces, which would help achieve economies of scale, increase trade and economic cooperation among African countries and between African countries and others, and attract foreign investment. In this context, UNCTAD should continue to support economic integration in Africa.

12. The Board welcomed the various initiatives taken by the international community in connection with Africa, including the United Nations System-wide Special Initiative on Africa, the Global Coalition for Africa, the G-8 Declaration on Africa ("Partnership for Development") at the Denver Summit, the United States initiative, and the Second Tokyo International Conference on African Development to be hosted by the Government of Japan. The Board noted the intention of the member States of the Lomé Convention to negotiate, as of September 1998, a new EU/ACP framework agreement. It looked forward to the successful implementation of the above initiatives in cooperation with the beneficiary countries.

13. UNCTAD is requested to integrate into its analysis in the context of the work programme of its Commissions and expert meetings the specificities of the African dimension. In addition, the secretariat is requested to analyse further the opportunities and impediments for growth and development in Africa, the means to ensure the sustainability of growth, and the requirements for the emergence of a dynamic business sector.

14. UNCTAD is invited to cooperate closely with other relevant international organizations in the implementation of the above conclusions.

15. The Secretary-General of UNCTAD is invited to report to an executive session of the Board on activities undertaken by UNCTAD in favour of Africa.

890th plenary meeting
22 October 1997

E. Technical cooperation activities

(Agenda item 6)

(a) Review of technical cooperation activities of UNCTAD

At its 888th plenary meeting, on 17 October 1997, the Trade and Development Board endorsed the agreed conclusions of the Working Party on the Medium-Term Plan and the Programme Budget (TD/B/WP/L.79) and adopted the draft decision recommended by the Working Party therein. (For the text of the decision, see below.)

Decision 444 (XLIV): Review of technical cooperation activities of UNCTAD

The Trade and Development Board,

1. Takes notes of the report on technical cooperation activities of UNCTAD and their financing and the complementary statistical information submitted by the secretariat (TD/B/44/11 and Add.1 and 2);

2. Notes with encouragement the increase in the level of UNCTAD's technical cooperation expenditure in 1996 and that projected for 1997;

3. Reaffirms the principle that technical cooperation should be non-conditional and that it should be demand-driven;

4. Expresses its appreciation to bilateral and multilateral donors for their contributions to UNCTAD's technical cooperation programmes, and appeals to them to extend their contributions in line with UNCTAD's Technical Cooperation Strategy and plan;

5. Requests the secretariat to explore ways and means of increasing the predictability of funding for the technical cooperation programme of UNCTAD;

6. Encourages the secretariat to continue its efforts to deepen its cooperation with the United Nations Development Programme (UNDP) with a view, *inter alia*, to increasing the level of funding and other support from UNDP for UNCTAD programmes;

7. Takes note of the proposals of the secretariat on the question of partial cost recovery with a view to contributing to the financial self-sustainability of selected programmes, and requests the secretariat to report on the legal implications of those proposals and to provide the thirty-second session of the Working Party on technical cooperation with details of alternative cost-recovery options which might be applied, as well as the possibility of special arrangements for least developed countries (LDCs);

8. Notes the fact that the Working Party agreed on the need for greater transparency in respect of activities funded from the regular budget and those funded from extrabudgetary resources;

9. Notes the progress made by UNCTAD in its cooperation with other organizations, and requests the secretariat to pursue its efforts to intensify such cooperation, including with the World Intellectual Property Organization (WIPO);

10. Encourages the secretariat to continue to deepen its cooperation with the International Trade Centre (ITC) with a view, *inter alia*, to better coordinating technical cooperation in several areas, including support for small and medium-sized enterprises (SMEs);

11. Requests the secretariat to prepare, in consultation with member States, a handbook whose objective would be to assist possible beneficiaries of UNCTAD's technical cooperation;

12. Requests the secretariat, in consultation with member States, to explore new modalities which would ensure a better relative balance in the share of technical cooperation expenditure of the various regions, taking into account their respective needs;

13. Decides that there should be an in-depth evaluation of the Global Trade Point Network at the thirty-second session of the Working Party in 1998 dealing with technical cooperation;

14. Requests the secretariat to prepare the rolling three-year technical cooperation plan for 1998-2000 for consideration by the Working Party at the second part of its thirtieth session in December 1997 and thereafter by the Trade and Development Board at its first executive session in 1998, with a view to rationalizing the technical cooperation plan;

15. Requests the Secretary-General of UNCTAD to include, in his next report on technical cooperation through the Working Party on the Medium-Term Plan and the Programme Budget to the Trade and Development Board, information on:

- The implementation of the UNCTAD Technical Cooperation Strategy;

- The implementation of technical cooperation programmes in line with the areas of activity established in paragraph 97 of "A Partnership for Growth and Development" to enable the Working Party to contribute to the mid-term review by the Trade and Development Board of the outcome of UNCTAD IX;

- The cost-effectiveness of the technical cooperation activities of UNCTAD; and

- The establishment of quality control and standards at the project design, implementation, monitoring and evaluation stages.

888th plenary meeting
17 October 1997

(b) Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people

At its 888th plenary meeting, on 17 October 1997, the Trade and Development Board took note of the secretariat's report on UNCTAD's assistance to the Palestinian people (TD/B/44/10). (Further to the provisions of General Assembly resolution 47/445, an account of the discussion in the Trade and Development Board under agenda item 6 (b) is annexed to the present report (see annex III).

F. Other matters in the field of trade and development

(Agenda item 7)

(a) Specific actions related to the particular needs and problems of land-locked countries

At its 889th plenary meeting, on 21 October 1997, the Trade and Development Board took note of report of the Meeting of Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions (TD/B/44/7 - TD/B/LDC/AC.1/11), endorsed the conclusions and recommendations contained in annex I of the report, and decided to submit the conclusions and recommendations, together with the "Progress report by the UNCTAD secretariat" (TD/B/44/9), to the General Assembly at its current session.[***]

(b) Progressive development of the law of international trade: thirtieth annual report of the United Nations Commission on International Trade Law

At its 889th plenary meeting, on 21 October 1997, the Trade and Development Board took note of the report of UNCITRAL on the work of its thirtieth session and agreed to the proposals made by the Senior Legal Adviser, according to which:

(a) The head of the UNCITRAL secretariat would be invited to present the annual report of UNCITRAL to the Board in 1998 and to provide delegations with any information that they might require on the work of UNCITRAL;

(b) UNCITRAL would be invited to participate in the second session of the Commission on Enterprise, Business Facilitation and Development, to be held in Geneva from 1 to 5 December 1997;

(c) The UNCTAD secretariat would invite UNCITRAL to participate in the symposium on Partners for Development, which the Secretary-General of UNCTAD would convene in Lyon from 9 to 12 November 1998;

(d) The UNCTAD secretariat should monitor those projects of UNCITRAL that were relevant to the ongoing work of UNCTAD and inform the Board and its subsidiary bodies in that respect.

G. Other business

(Agenda item 9)

(a) Report of the Pilot Seminar on the Mobilization of the Private Sector in order to Encourage Foreign Investment Flows towards the LDCs

At its 889th plenary meeting, on 21 October 1997, the Trade and Development Board endorsed the recommendations contained in annex I of the report of the Pilot Seminar (TD/B/SEM.2/3).

[***] See A/52/329.

(b) Commission on Investment, Technology and Related Financial Issues, second session: recommendations of the Commission regarding the convening of expert meeting

At its 889th plenary meeting, on 21 October 1997, the Trade and Development Board decided to approve the convening of the four meetings stipulated in document TD/B/44/L.2/Rev.1, as follows:

(i) Examination and review of existing regional and multilateral investment agreements and their development dimensions in pursuance of the mandate of paragraph 89(b) of "A Partnership for Growth and Development";

(ii) Environmental accounting: examination of national standards and regulations for environmental financial accounting, and identification of key environmental performance indicators and their relation to financial performance (Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting);

(iii) Competition law and policy (Intergovernmental Group of Experts on Restrictive Business Practices); [****]

(iv) The growth of domestic capital markets, particularly in developing countries, and its relationship with foreign portfolio investment.

The President drew the attention of the Board to the fact that, for 1998, the Commission on Investment, Technology and Related Financial Issues would have four meetings at the expert level out of the annual total of 10 expert meetings approved by the Conference at its ninth session. This meant that the other two Commissions could convene up to three expert meetings each in 1998.

(c) Resolution of the Third United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices

With reference to paragraphs 14 and 15 of the resolution adopted by the Third United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, at its 890th meeting, on 22 October 1997, the Board reached consensus on the fact that the name of the Intergovernmental Group of Experts on Restrictive Business Practices should be changed to Intergovernmental Group of Experts on Competition Law and Policy. With regard to the question of a fourth Conference, agreement was reached, with the exception of one delegation which reserved its position, that a fourth Conference should be convened in the year 2000.

On that basis, the Trade and Development Board requested the General Assembly to take note of the resolution adopted by the Third Conference and to endorse its recommendations. In this connection, the Board requested the

[****] The specific topic for this meeting will be recommended in November 1997.

General Assembly to take action on paragraph 15 of the resolution as it deems appropriate.

II. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The forty-fourth session of the Trade and Development Board was opened on 13 October 1997 by Mr. Patrick Sinyinza (Zambia), the outgoing President of the Board.

B. Election of officers *****/

(Agenda item 1 (a))

2. At its 886th (opening) plenary meeting, on 13 October 1997, the Board elected by acclamation Mr. Goce Petreski (former Yugoslav Republic of Macedonia) as President of the Board for the duration of its forty-fourth session.

3. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board throughout its forty-fourth session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President:	Mr. Goce Petreski	(former Yugoslav Republic of Macedonia)
Vice-Presidents:	Mrs. Anne Anderson	(Ireland)
	Mr. Michael Ray Arietti	(United States of America)
	Mr. Dhumahdass Baichoo	(Mauritius)
	Mr. Nacer Benjelloun-Touimi	(Morocco)
	Mrs. Eveline Herfkens	(Netherlands)
	Mr. Anthony Hill	(Jamaica)
	Mr. Gilberto Saboia	(Brazil)
	Mr. Vasili Sidorov	(Russian Federation)
	Mr. Bjorn Skogmo	(Norway)
	Mr. Bozorgmehr Ziaran	(Islamic Republic of Iran)
Rapporteur:	Mr. Sek Wannamethee	(Thailand)

4. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairmen of the Sessional Committees, would be fully associated with the work of the Bureau.

*****/ The officers of the Bureau are elected to serve for a year-long period beginning with the forty-fourth session of the Board.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

5. At its opening meeting, the Board adopted the annotated provisional agenda for the session contained in TD/B/44/1, as amended by the President. (For the agenda as adopted, see annex I below).

6. At the same meeting, and in accordance with the organization of work for the session in TD/B/44/1, the Board established two sessional committees to consider and report on items on its agenda, as follows:

Sessional Committee I:

Item 4: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s:

(a) Policy reforms in agriculture and their implications for LDCs' development;

(b) Contribution by the Board to the consideration of the General Assembly at its fifty-second session of holding a third United Nations Conference on the Least Developed Countries

Sessional Committee II:

Item 5: UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Performance, prospects and policy issues

7. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairman:	Mr. Daniel Bernard	(France)
Vice-Chairman-cum-Rapporteur:	Mr. Shambhu Ram Simkhada	(Nepal)

8. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairperson:	Mrs. Agnes Yahan Aggrey-Orleans	(Ghana)
Vice-Chairman-cum-Rapporteur:	Mr. Rénald Clérismé	(Haiti)

D. Adoption of the report on credentials

(Agenda item 1 (c))

9. At its 890th (closing) plenary meeting, on 22 October 1997, the Board adopted the report of the Bureau on the credentials of representatives attending the forty-fourth session (TD/B/44/18).

E. Provisional agenda for the forty-fifth session of the Board

(Agenda item 1 (d))

10. At the same meeting, the Board, taking account of the fact that its forty-fifth session would deal mainly with the high-level mid-term review, authorized the President, in consultation with the Secretary-General of UNCTAD, to draw up a draft provisional agenda in the course of the year. The draft provisional agenda would be presented to the Bureau and thereafter to an executive session of the Board in the first quarter of 1998.

F. Institutional, organizational, administrative and related matters

(Agenda item 8)

(a) Review of the calendar of meetings

11. At the same meeting, the Board approved the calendar of meetings as contained in TD/B/44/CRP.1, on the understanding that the issue would be revisited at the next monthly consultations.

(b) Administrative and financial implications of the actions of the Board

12. At the same meeting, the Board was informed that there were no financial implications stemming from any decision taken at the forty-fourth session of the Board.

(c) Progress report by the Secretary-General of UNCTAD on the trust fund to enhance participation of developing countries' experts in UNCTAD meetings

13. At its 889th plenary meeting, on 21 October 1997, the Trade and Development Board took note of the "Progress report by the Secretary-General of UNCTAD on the trust fund to enhance participation of developing countries' experts in UNCTAD meetings" (TD/B/44/CRP.2) and requested the Secretary-General of UNCTAD

to continue his efforts in this endeavour and to make a further progress report on this subject to the seventeenth executive session of the Board in 1998.

G. Adoption of the report on its forty-fourth session

(Agenda item 10)

14. At its 890th (closing) plenary meeting, on 22 October 1997, the Board took note of the reports of Sessional Committee I (TD/B/44/SC.1/L.1 and Add.1) and Sessional Committee II (TD/B/44/SC.2/L.1) and decided to incorporate them in the final report of the Board on its forty-third session.

15. At the same meeting, the Board adopted the draft report on its forty-fourth session (TD/B/44/L.1 and Add.1-4), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

AGENDA FOR THE FORTY-FOURTH SESSION OF THE TRADE AND DEVELOPMENT BOARD */

1. Procedural matters:

   (a) Election of officers

   (b) Adoption of the agenda and organization of the work of the session

   (c) Adoption of the report on credentials

   (d) Provisional agenda for the forty-fifth session of the Board

2. Segment for high-level participation: Globalization, competition, competitiveness and development

3. Interdependence and global economic issues from a trade and development perspective: Income distribution and growth in a global context

4. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s:

   (a) Policy reforms in agriculture and their implications for LDCs' development

   (b) Contribution by the Board to the consideration of the General Assembly, at its fifty-second session, of holding a third United Nations Conference on the Least Developed Countries

5. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Performance, prospects and policy issues

6. Technical cooperation activities:

   (a) Review of technical cooperation activities of UNCTAD

   (b) Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people

7. Other matters in the field of trade and development:

   (a) Specific actions related to the particular needs and problems of land-locked developing countries

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*/ As adopted at the 886th plenary meeting of the Trade and Development Board on 13 October 1997.

(b) Progressive development of the law of international trade: thirtieth annual report of the United Nations Commission on International Trade Law

8. Institutional, organizational, administrative and related matters:

(a) Review of the calendar of meetings

(b) Administrative and financial implications of the actions of the Board

(c) Progress report by the Secretary-General of UNCTAD on the trust fund to enhance participation of developing countries' experts in UNCTAD meetings

9. Other business

(a) Report of the Pilot Seminar on the Mobilization of the Private Sector in order to Encourage Foreign Investment Flows towards the LDCs

(b) Commission on Investment, Technology and Related Financial Issues, second session: recommendations of the Commission regarding the convening of expert meetings

10. Adoption of the report of the Board.

Annex II

MESSAGE FROM MR. KOFI ANNAN, SECRETARY-GENERAL OF THE UNITED NATIONS, TO THE JOINT SESSION OF THE HIGH-LEVEL SEGMENT OF THE TRADE AND DEVELOPMENT BOARD AND THE SECOND COMMITTEE

Geneva and New York, 23 October 1997

I am pleased to convey a message to the first ever joint session of the High-Level Segment of UNCTAD's Trade and Development Board and the Second Committee of the General Assembly and to participate in the official launch of the "Partners for Development" initiative. This is a most worthy undertaking, fully compatible not only with the overall thrust of our work for development and peace but also with the reform process that is now modernizing the United Nations family of organizations.

I would like to salute my colleague, UNCTAD's Secretary-General, Mr. Rubens Ricupero, for his commitment and contributions. I would also like to thank the Government of France, and particularly Mayor Raymond Barre of Lyon, for their support and for the invitation to host the meeting in Lyon next year to assess progress.

"Partners for Development" is both bold and realistic. Bold in that it will involve civil society, especially non-governmental organizations and the private sector, even more deeply in the work of the United Nations. This by itself is welcome, but it will also help fulfil another of my main objectives, namely strengthening the Organization's efforts in the area of economic and social development. And it is realistic in that it focuses on concrete partnerships and practical solutions.

As we all know, traditional United Nations resources for development are not increasing. This initiative will tap the human, technological and financial resources which have been beyond the United Nations' reach and which in today's world have become far greater than official development assistance. Its importance in this regard cannot be exaggerated.

Those who will participate in these partnership projects have chosen to work with the United Nations because of the contributions it is uniquely placed to make. The Organization's universal and impartial perspective, its multicultural approach and its highly professional and dedicated staff are a formidable combination. "Partners for Development" offers yet another venue for the United Nations to demonstrate that it provides real value for money.

I pledge my full support to this initiative and very much look forward to working with you. Please accept my best wishes for success.

Annex III

DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD UNDER AGENDA ITEM 6 (b): REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE ****/**

1. For its consideration of this subitem, the Board had before it the following documentation:

"Report on UNCTAD's assistance to the Palestinian people" (TD/B/44/10).

2. The **Officer-in-charge of the Special Economic Unit** said that the thrust of UNCTAD's work in this area had focused upon operational activities, in tune with the changing needs of the Palestinian people and in line with the new opportunities created by the Middle East peace process. The secretariat's Programme of Technical Cooperation Activities in Support of Palestinian Trade, Finance and Related Services had been endorsed by the Palestinian Authority (PA), and UNCTAD's efforts represented a concrete response to requests of the PA for technical assistance, in a manner that emphasized synergies between UNCTAD's analytical and operational competencies.

3. The report before the Board reviewed recent orientations in UNCTAD's work on this issue, in the light of the critical economic situation in the Palestinian territory and the persistent need for international assistance. Political and security considerations continued to have a strong impact on Palestinian legal, regulatory, institutional and human resource development, despite the promises of the Israel-Palestine peace accords. Coupled with the uncertainty surrounding future political arrangements, this had prolonged economic hardship and uncertainty. Such a situation could, at best, reduce public confidence in the economic dividend widely expected from the peace process and, at worst, promote stagnation and deprivation that could undermine the peace process.

3. The vulnerability of the Palestinian economy to the changing fortunes of the peace process had reinforced a host of structural weaknesses arising from prolonged neglect and isolation. Recent trade performance indicated a precarious external trade position, and there were a number of problem areas where international support, including technical cooperation, was urgently required.

4. An increasingly participatory approach to technical cooperation had become necessary to enable the United Nations to respond positively to General Assembly resolutions on assistance to the Palestinian people and the requests of the Palestinian Authority in priority areas. Of the 10 projects detailed in the report, the secretariat had to date been able to successfully implement one, commenced the implementation of a second, and had just been informed of approval for funding of a third. For the three funded projects, UNDP had allocated more than $400,000.

5. The orientation of UNCTAD's future assistance to the Palestinian people would be guided by the provisions of UNCTAD's subprogramme 9.1 in the

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******/ For the action taken on this item, see section I.E (b) above.

United Nations Medium-Term Plan for the period 1998-2001. The secretariat would continue to seek the active support of various sources of extrabudgetary funding, as well as the guidance of the Board.

6. The representative of **Palestine** expressed his satisfaction at the reinstatement of the item on assistance to the Palestinian people in the agenda of the Board and thanked the Special Economic Unit for its unique efforts in providing different forms of assistance in support of Palestinian development efforts. He was pleased to convey the affirmation of the Secretary-General of UNCTAD that the work of the UNCTAD secretariat, in particular the Special Economic Unit, for assistance to the Palestinian people would continue with the same vitality as before. This would necessitate in particular the appointment of a new Chief of the Unit so as to maintain the momentum of work and efforts to mobilize extrabudgetary funding. The approach to technical cooperation adopted by the secretariat in connection with the Palestinian people set an example for other organizations.

7. The report before the Board summarized the main features of the critical, deteriorating Palestinian economic situation, and confirmed the difficulties facing Palestine today in its efforts to lay the basis of a modern national economy. In particular, he noted the destructive economic impact of Israeli measures since 1996 on the livelihood of workers, agricultural output and trade, investment and industrial activity. Most recently, Israeli measures had halted the orderly transfer of customs and other tax receipts owed to the Palestinian Authority, as stipulated by the accords between the two parties. While insisting on the mutual respect of economic accords between Palestine and Israel, he also called for mutual respect for the interests and aspirations of the Israeli and Palestinian peoples. Palestine had not signed its accords with Israel to become an appendage or agent, as some might imagine. Palestine had chosen the strategic option of peace with Israel for a better future for its people in their independent state on their national soil, with Jerusalem as its capital. It was high time for Israel and other hesitant countries to explicitly recognize the inevitability of the exercise of the right of the Palestinian people to self-determination.

8. UNCTAD must continue its valuable research on Palestinian economic prospects, while intensifying its activities in the field of technical cooperation. The secretariat's project proposals reflected important priority areas for the Palestinian economy, and he welcomed the efforts by the secretariat to mobilize the necessary funding for them. He called upon the members of the Board, and especially members of the Consultative Group of donors, to make the necessary resources available for their rapid implementation. In concluding, he emphasized the continuing historic responsibility of the United Nations, including UNCTAD, in respect of the Palestinian issue until the peace process succeeded and Palestine could take its place as a full member of the Board and other international agencies.

9. The spokesman for the **Asian Group and China** (Sri Lanka) said that since the establishment of the Special Economic Unit in 1985, UNCTAD had become a prominent and reliable source of information and analysis on the Palestinian economy. The orientation of the secretariat's work had developed in line with the new circumstances and the growing needs of the Palestinian people.

10. The establishment of the Palestinian National Authority had been a welcome development that had created new opportunities for the emergent Palestinian economy, which, however, was still vulnerable and at risk from the threats to the peace process. The stagnation in Palestinian economic activity and the sharp decline in Palestinian external trade over the past few years posed serious questions as to the economic benefits that the Palestinian people could expect from a peace process which had yet to bear its full fruits. He stressed the continuing responsibility of the United Nations in respect of the question of Palestine in general and the economic and social plight of the Palestinian people in particular.

11. The setbacks and problems experienced in the recent period had created new challenges for the Palestinian Authority in planning and managing the development of the economy. This had created new responsibilities for UNCTAD in terms of intensifying and widening the scope of its assistance. He praised the integrated manner in which the secretariat had drawn upon its analytical and operational capacities to provide concrete proposals for technical assistance to the Palestinian people. The success in mobilizing resources from UNDP attested to their seriousness and relevance.

12. He hoped that all concerned members of UNCTAD would give serious consideration to helping in mobilizing the required support for technical assistance activities, which would deliver cost-effective and much-needed assistance to the Palestinian people. With further progress in the peace process, it was expected that UNCTAD's role in this area would grow.

13. The representative of **Pakistan** said that the review of the policy environment affecting the Palestinian economy made for very sombre reading. The hopes raised by the peace process were far from being realized, with a further deterioration in the already disheartening economic indicators. The stagnation in income, the growing poverty and the growing unemployment posed critical challenges for the performance of the economy. The dialectic between peace and development was perhaps particularly evident in the case of Palestine. He noted the efforts of the Palestinian Authority to strengthen regulatory and institutional frameworks in order to improve the environment for investment in trade, but given the extremely difficult political and security environment, the economic situation of the Palestinian people remained a matter of great concern.

14. As provided for in subprogramme 9.1 of the United Nations medium-term plan for 1998-2001, UNCTAD should continue to assist the Palestinian people to develop capacities for effective policy-making and management pertaining to international trade investment and related services. This gave UNCTAD a fair amount of scope, and he urged the secretariat to formulate programmes which adhered to two basic principles: first of all, all programmes should be demand-driven, especially since, when state structures were weak, with limited managerial capacities, there was a tendency for well organized international secretariats to sell their programmes, something that should not happen. Secondly, the question of coordination with the large number of agencies operating in the field in Palestine became of paramount importance. Finally, he questioned the factors behind the gap referred to in the report between the total pledges by the international community to assist the Palestinian Authority and the actual disbursements.

15. The spokesperson for the **African Group** (Tunisia) expressed full support for UNCTAD's assistance to the Palestinian people. She congratulated the UNCTAD secretariat for going beyond the stage of analytical work to the stage of operational activities, as well as for its consultation with the Palestinian Authority for the elaboration and implementation of assistance programmes. Nevertheless, she could not understand how the necessary funds for the establishment of the two Palestinian Trade Points could not be mobilized given the popularity of the Trade Point network with the donor community. With the addition of a private sector role, funds should be easily available. She called on UNCTAD to pursue its fund-raising efforts in this regard more vigorously.

16. UNCTAD was required to take into consideration the daily changes in the situation in Palestine in updating its programmes, so as to respond in the best possible manner to the specific needs of the Palestinian Authority. The latter was well advanced in associating the private sector in all programmes under way. She noted the lack of funding for a certain number of approved pending programmes, and she called upon the donor community to respect their engagements towards the Palestinian Authority so that UNCTAD and other agencies could implement the appropriate programmes.

17. The representative of **Morocco** expressed his delegation's satisfaction with the implementation of the programme of technical cooperation in favour of the Palestinian people. However, the degradation in the economic and social indicators for the Palestinian territory were such that the Palestinian people required the technical assistance of UNCTAD more than ever before. The stagnation of trade, the trade deficit and problems in the labour market and in living conditions in general were all factors which mitigated in favour of intensified technical support for the Palestinian people.

18. In accordance with the priorities already established and the relevant General Assembly resolutions, UNCTAD must strengthen and improve its technical cooperation in favour of the Palestinian people. He noted with great satisfaction that the Unit in charge of technical assistance to the Palestinian people had been maintained. It was hoped that donors would be able to augment their financial support so that the programmes indicated in the secretariat report could be implemented in full.

19. The representative of **Egypt** expressed appreciation for the transformation of the work of the Special Economic Unit from the mainly analytical realm to operational activities which drew upon the analytical work. He called upon the secretariat, as well as States and organizations, to redouble their efforts to make available the necessary resources to implement the seven pending unfunded projects mentioned by the secretariat, so as to assist the Palestinian people in building their economy. In this respect, it would be useful to know what factors had delayed the disbursement of funds pledged by different countries to assist the Palestinian people. In conclusion, he urged the States concerned to expedite the delivery of funds according to existing pledges.

20. The **Officer-in-charge of the Special Economic Unit** reaffirmed that the secretariat would redouble its efforts to mobilize the necessary resources for the implementation of pending technical cooperation projects. As for the low rate of aid disbursement, he cited four factors. Initially, there had been some delays on the part of the donors themselves in the actual mobilization and

allocation of the resources pledged early on in the peace process. Subsequently, the institutional capacity of the Palestinian Authority to manage a substantial programme of assistance had also become a factor. Thirdly, with the deterioration of the economic situation since 1996, a large portion of potential development funds pledged by donors had been diverted to current expenditures of the Palestinian Authority and various relief programmes for unemployed workers. A fourth factor had been the issue of coordination between donors, recipients and the various agencies involved. This last problem appeared to have been resolved, and henceforth there would be one integrated Palestinian Development Plan presented to donors which would combine World Bank, United Nations and bilateral and other projects within a comprehensive framework.